

IS CHANGE MANAGEMENT THE KEY TO IMPROVED URBAN WATER SERVICE DELIVERY? THE CASE OF TWO WATER SERVICE PROVIDERS

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Country: Kenya

Sector: Water, Sanitation and Hygiene

CHALLENGE

History of the Kenya Water Sector

In the past, the main water operators in the country were Local Authorities, the National Water and Pipeline Corporation, and the Ministry of Water. Many of these providers were not sufficiently professional or commercially oriented, leading to poor performance and a lack of sustainability. The low cost recovery and performance of the providers resulted in high water losses, low water quality, erratic water supply, insufficient maintenance, and deterioration of assets, causing a further decline in the service level. Moreover, water revenue was not ring-fenced, so that what little profit was made was not fully ploughed back into the systems. Systems were therefore rarely expanded, despite the population growth.

Faced with these challenges, the government embarked on the process of developing a new water policy in 1997 and this resulted in a National Policy on Water Resource Management and Development in 1999, followed by legislation in the form of the Water Act 2002.

Water Sector Reforms

Water sector reforms in Kenya commenced in March 2003 following the enactment of the Water Act of 2002, which called for a series of reform measures to address weaknesses in the sector, entailing:

- Separating Water Resources from Water Services;
- Minimizing the role of government in direct service provision;
- Increasing community participation in the management of water resources and provision of water supplies.

To achieve the above goals, a new institutional framework was developed which distinguished between water resources and water services. Under water services, eight Water Services Boards (WSBs) were established, based on the water catchments in the country. The boards have taken over the overall responsibility of water services provision in their areas of jurisdiction. Local authorities have formed water companies to operate as water services providers (WSPs) through a Service Provision Agreement (SPA) with the WSBs. The WSPs are operating the facilities at an agreed lease fee.

CLIENTS

METHOD / SNV INTERVENTION

The goal of the assignment is to strengthen the capacity of IWASCO and NAWASCO to:

- 1) Improve access to water and sanitation services to residents under its Jurisdiction and make deliberate attempt to reach underserved population (the poor) with water and sanitation through environmentally sustainable services.

- 2) Improve functionality of water system through socially responsible commercialization (cost recovery).

KEY AREAS OF CHANGE AND SNV'S SUPPORT

Focus on Results

The Companies entered into agreements with the Water Service Board to provide water and sanitation services under their respective area of jurisdiction. These agreements (Service Provision Agreement), has emphasis on attainment of sector benchmark threshold set by Water Service Regulatory Board. Given that most of the staff in the companies were inherited from the previous system, there was an urgent need to shift their thinking towards result oriented performance. This was to be done by identifying the problems impeding service delivery and finding solutions to them, with management and support teams providing the necessary leadership and resources for implementation.

SNV's support focused on the development of workplace policies (*strategic plan, pro-poor policy, strengthening internal communication, HR policy and performance measurement system*), *consumer survey, advice on how to achieve sector benchmarks and learning trips*. SNV has also supported the establishment of multi-stakeholder forums to enhance collaboration between the various stakeholders in the water and sanitation sector. The specific activities undertaken are outlined below.

- A Human Resource Policy was developed for NAWASCO and IWASCO to enhance staff's efficiency in service delivery. Methods of doing this included matching staff members' skills to the required tasks, and setting performance targets for each position. The companies are in the process of considering a reward system for staff that performs very well. It is expected in the long run that the HR policy and performance management system will result in;
 - Increase in revenue collection
 - Reduced cases of indiscipline and corruption among staff hence rejuvenated staff ready to deliver good services.
 - Adherence to sector benchmarks, equitable distribution of water and sanitation service and clear mandate for the BoD
 - Reduced expenditure on staff and hence ring fencing of revenue for service expansion to underserved areas.
 - Good performance in the sector by the companies
 - Effective performance measurement (cascading of performance targets to the lowest level)
 - Improved coordination and communication in various departments of the company
- A 5-year strategic plan (NAWASCO 2008-2012) and IWASCO (2009-2014). The self analysis process conducted by SNV NKP enabled the companies to chat a five 5 years strategic visioning that witnessed the inclusion of service expansion to the underserved Peri-urban poor. The strategic planning process was so crucial to NAWASCO's objectives of increasing volume at the water source and this has progressively moved to a new level after a feasibility study was conducted and findings presented to the NWSB, MoWI and donors as envisaged in the plan.
- Exposure Trips were organized for the companies. IWASCO visited Meru Water and Sanitation Company, with the main aim of studying the billing system used by the company. A similar trip was organized to Eldoret. IWASCO organized trips on their own to Nyeri and Thika Water Companies as well. As a result, IWASCO was able to make the necessary improvements in its billing system. NAWASCO and IWASCO have also visited Malindi Water and Sewerage Company, which has the lowest level of unaccounted-for water. The aim of these learning trips were to improve peer learning and replication of best practices from peer companies at a lower cost

Customer Focus

In the previous system, very little attention was paid to the customer: Response to customer requests and complaints was usually slow and inadequate. The companies realized that there was need to change consumer orientation if they were going to succeed in meeting their targets. For example, IWASCO set specific targets to improve customer services in its 2006 business plan. This included setting target times for new connections, repairing bursts and leaks, and dealing

with complaints. NAWASCO too, set out to improve its customer care. The company set up a customer relations/ inquiry desk to serve the consumer better.

Partnerships and Stakeholder Collaboration

The implementation of reforms in the water sector saw the creation of different institutions with different mandates. Collaboration and understanding between these institutions is critical for the success of the reforms. To promote such collaboration, a multi-stakeholder platform was established in Isiolo (June 2008), with the help of SNV, to address issues identified through the Customer Satisfaction Survey (July 2007) that were beyond the mandate of IWASCO. The platform was anchored in IWASCO, since agendas/issues emanated from our engagement with the client. The MSP has enhanced collaboration between stakeholders, resulting in successful mediation on the relocation of the solid waste dumping site between County Council of Isiolo & the company and resolving the dispute between IWASCO and WRMA over user fees. It has also helped stakeholders understand each other's roles.

OUTCOME

As a result of the changes made by the companies (institutional; influenced by SNV support and infrastructural development), the companies have been able to realize the following:

- 1) Unaccounted-for water has dropped from 63% to 43% for NAWASCO and from 65% in 2007 to 41% for IWASCO by the end of March 2009.
- 2) The number of connections has increased from 5,000 to 7,700 for NAWASCO and from 3,000 in 2006 to 5,206 for IWASCO by the end of March 2009. Therefore NAWASCO has improved access to water clean and safe for 13500 people (an household in Nanyuki has an average of 5 people) while IWASCO has improved access to clean and safe drinking water for 14000 people (an household in Isiolo has an average of 7 people)
- 3) Revenue collection has increased from Euros 6,000 to Euros 30,000 Million per Month for IWASCO and from Euros 24,000 to Euros 60,000 per month for NAWASCO. For instance IWASCO attained 209.56% revenue collection efficiency-including outstanding arrears (the leading WSP in this category), improved metering and legitimized illegal connections, enhanced management of water resource and improved customer orientation.
- 4) IWASCO has been ranked position two in the small category WSPs in the IMPACT report Issues No. 2 of WASREB an improvement from position 5 in the first assessment of WASREB
- 5) With Support of SNV NAWASCO has brought new life to people in Kanyoni, Likii and Sweetwater villages by availing clean and safe drinking water via kiosk technology. This has witnessed an increase in access to reliable, affordable, clean and safe drinking water for an additional 900 households (4500 people). Similarly IWASCO has expanded water services to underserved area of Otha (identified by the customer survey) and further plan to reach other underserved areas under their jurisdiction.
- 6) NAWASCO has removed late payment charge of 2% on water bills as pro-poor initiatives. IWASCO made provision for settlement of bills by instalments and this helped defaulters settle their bills.
- 7) Improved consultation and coordination among sector stakeholders and improved consumer orientation

CHALLENGES

Ownership of the Water Companies

The reforms sought to steer the country's water sector towards commercialization rather than privatization. It is for this reason that assets were transferred to the Water Services Boards (WSBs), so that they may be held in the public good. This move was relatively simple for the water utilities run by the Ministry of Water and Irrigation, and the National Water Conservation and Pipeline Corporation (NWPC). However, the utilities run by the Local Authorities, NGOs and communities could not see how the WSBs would acquire their assets, and in addition they would need to register companies to run the utilities and pay a lease fee to the WSB. The issue around ownership of the companies and control over the revenues continues to cause conflict within the companies, and there is renewed interest in the subject because revenue collection has greatly improved. The Water Services Regulatory Board (WASREB) has come out strongly and has clarified the issue to the Local Authorities. However, more needs to be done in terms of sensitization and building understanding amongst all parties involved.

Roles of the Institutions

The institutions set up under the reforms have taken up their responsibilities at different rates. This has resulted in some of the institutions taking over the role of others. For example, the WSBs are responsible for infrastructure development, while the WSPs are only supposed to manage the utilities. However, in the face of numerous problems, the WSPs have, in several cases, taken the initiative to undertake rehabilitation and expansion on behalf of the WSBs. This is only done after an agreement is reached between the WSP and WSB. The Ministry of Water and Irrigation still plays a role in sourcing and managing projects for infrastructure development. These overlapping roles tend to create confusion on who is responsible for what.

Staff on Secondment

Staff who have not been fully absorbed into the institutions tend to have divided loyalties. The WSPs have worked hard to ensure that staff on secondment fulfil the expectations of the companies. The management of the companies also face pressure from the Local Authorities to absorb more staff. This has created a situation where the companies' staffing levels are above those recommended by the Water Services Regulatory Board (WASREB). The issue of overstaffing is very sensitive and requires a well thought-out approach. The development of human resources policies for the companies has set the stage for this.

Water Supply vs Management

WSPs have been discontented with the fees levied by WRMA for raw water abstraction. In the initial stages, many felt these were exorbitant rates for very limited services. With time and continued negotiation, the parties have reached an amicable agreement. The lesson learned is that processes need to be participatory so that services provided are appropriately valued by stakeholders. WRMA has continued to sensitize people to the nature and importance of its role.

IMPACT

The surveys helped the companies to identify weaknesses that required urgent action, enabling them to respond appropriately. It also provided an entry point for the companies to engage with their customers. As a result, customers have assisted the companies in reporting illegal connections, leaks and bursts. The companies have also been responsive to customer needs, especially those of the poor.

In Nanyuki, a multi-stakeholder platform was established to strengthen the Water Resource User Associations (WRUAs) in the Mount Kenya West Catchment Area. The WRUA Platform has enhanced collaboration and learning between the WRUAs and stakeholders. This has seen better management of the rivers and willingness from consumers and other stakeholders to collaborate with the WRUAs. NAWASCO, which depends on the Likii River for its water needs, is an active participant in the forum as well being a member of the Likii WRUA. NAWASCO is collaborating with the WRUAs as it explores options of increasing water storage in

LESSONS LEARNED

the rivers so as to ensure supplies are not significantly reduced during the dry seasons.

1. Capacity development services with a focus on change management play an important role in improving urban water service delivery. The improvement in performance by IWASCO and NAWASCO is an indication of this.
2. However, there is a limit to the extent to which change management alone can improve service delivery. It should be followed by infrastructure rehabilitation/development, for the full potential to be realized.

Recommendations

1. The issue of ownership of the companies should be decisively addressed by the Ministry of Water and Irrigation (MoWI), with the involvement of all stakeholders. Clear guidelines should be provided to all so that there is no more confusion on the issue.
2. Unresolved issues such as staff transfer and overlapping of roles should be dealt with as a matter of urgency. The effectiveness of the institutions depends on the finalization of these processes.